

Message Text

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20

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 FEA-01 OES-03 AGR-05 INT-05

NSC-05 SS-15 STR-01 CEA-01 DODE-00 PA-01 USIA-06

PRS-01 L-02 H-01 SAM-01 /091 W
----- 106225

P 200356Z FEB 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 2582

LIMITED OFFICIAL USE VIENTIANE 1187

E.O. 11652: N/A

TAGS: ECON, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (FEB 12-18)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS DURING WEEK ENDING FEB 14, DURING WHICH TIME FEOF CLOSED THREE DAYS, WAS \$228,000. OF FX SOLD, 41 PERCENT WAS FOR PETROLEUM IMPORTS, 18 PERCENT FOR CHICKEN FEED, AND 16 PERCENT FOR CEMENT. OF PREVIOUS WEEK'S FX SALES OF \$556,000, 71 PERCENT WAS FOR PETROLEUM PRODUCTS.

2. THE FREE MARKET RATE FOR DOLLARS ROSE marginally DURING PAST WEEK. ON FEB 18 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,380 KIP PER DOLLAR AND SELLING FOR 1,390 KIP, UP FROM 1,350 BUYING AND 1,370 SELLING ON FEB 12. BAHT WAS BEING BOUGHT FOR 6,800 KIP PER 100 BAHT, SELLING 6,900 KIP.

3. USAID COST-OF-LIVING INDEX FOR VIENTIANE ROSE marginally DURING PAST WEEK, REFLECTING PRIMARILY PRICE INCREASE FOR RICE AND CERTAIN VEGETABLES AND FRUITS.

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USAID INDEX ON FEB 19 SHOWED FOLLOWING INCREASES:

PERCENTAGE INCREASES SINCE

FEB 10 END CY 74

GENERAL INDEX 0.5 5.0

RICE INDEX 0.8 8.7

NON-RICE INDEX 0.4 4.2

4. RECENT DEVELOPMENTS IN LAO EFFORTS TO OBTAIN

ADDITIONAL FOREIGN ASSISTANCE INCLUDE:

A. THE TECHNICAL MISSION TO PEKING LED BY SECRETARY OF STATE OF MINISTRY OF ECONOMY AND PLAN SOMPHOU OUDOMVILAY HAS RETURNED TO VTE AFTER HAVING NEGOTIATED DETAILS OF COMMODITIES TO BE PURCHASED WITH 14 MILLION YUAN PORTION OF PRC LOAN RESERVED FOR PURCHASE OF COMMODITIES (TOAID A-15). INITIAL SELECTION OF COMMODITIES FROM PRC REPORTEDLY TOTALS 6.4 MILLION YUAN, AS FOLLOWS (MILLION OF YUAN): PETROLEUM PRODUCTS, 2.30; FABRICS, 1.95; APPLIANCES AND OFFICE EQUIPMENT, .86; MACHINERY, VEHICLES AND EQUIPMENT, .61; CANNED FOODS (SUCH AS FISH, MEAT, MILK), .44; HHARMACEUTICALS, .19; CONSTRUCTION MATERIALS, .06. REPORTS IN LOCAL PRESS STATE THAT OF THESE COMMODITIES, 4.2 MILLION YUAN WILL GO TO VTE ZONE AND 2.2 MILLION FOR LPF ZONE. COMMODITIES WILL BE ARRIVING VIA NORTH VIETNAM.

B. ON FEB 12 REPRESENTATIVES OF THE PGNU AND SWEDISH GOVERNMENT SIGNED AN AGREEMENT FOR 10 MILLION KRONER (APPROX. \$2.3 MILLION, BELIEVED TO BE GRANT AID) FOR COMMODITY AID. THIS AID FIRST TENTATIVELY ANNOUNCED IN AUGUST 1974 (VTE 6681).

5. ROYAL AIR LAO ZILL INAUGURATE TWO NEW FLIGHTS AT END OF FEBRUARY, WITH ONE ROUTE VIENTIANE-CANTON (PRC)-VTE AND THE OTHER VTE-KUALA LUMPUR-VTE. THE CANTON FLIGHT IS SCHEDULED TO BEGIN FEB 21, WITH RAL TENTATIVELY SCHEDULING ROUND TRIP FLIGHTS EVERY WEDNESDAY AND FRIDAY. THE KUALA LUMPUR FLIGHT WILL BEGIN FEB 26, WITH ROUND TRIP FLIGHTS TENTATIVELY SCHEDULED FOR EVERY WEDNESDAY AND FRIDAY.

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6. DECONTROL FOLLOWING 2/19/76.
WHITEHOUSE

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Disposition Reason:
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Document Unique ID: 00
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Executive Order: N/A
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